



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

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December 12, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 6 TO AGREEMENT
NO. H-212817 WITH BLUE CROSS OF CALIFORNIA
(All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to execute Amendment No. 6 to Agreement No. H-212817, substantially similar to Exhibit I, with Blue Cross of California to extend the term of the Blue Cross Medi-Cal Managed Care and Healthy Families Program Participating Hospital Agreement on a month-to-month basis, effective January 1, 2007 through June 30, 2007.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended action, the Board is approving the continued provision of specialty, inpatient, and emergency care provided by Department of Health Services' (DHS or Department) facilities at fee-for-service rates for Medi-Cal Managed Care and Healthy Families Program members enrolled with Blue Cross of California (Blue Cross).

Implementation of Strategic Plan Goals

The action meets the County's Strategic Plan Goals of Fiscal Responsibility and Organizational Effectiveness by increasing the utilization of DHS facilities and thereby increasing revenue to DHS.

FISCAL IMPACT/FINANCING:

There is no impact on net County cost for this action. Blue Cross patients will continue to receive services at DHS facilities and Blue Cross will continue to

Bruce A. Chernof, MD
Director and Chief Medical Officer

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reimburse the Department at fee-for-services rates. It is unknown how many Blue Cross patients will receive services at DHS facilities. Blue Cross has paid the Department more than \$13 million in fee-for-service revenue for services rendered during the last five years of the Agreement. The reimbursement rates are on file with DHS and are kept confidential in accordance with Health and Safety Code Section 1457.

It is difficult to estimate the amount of revenue because it depends on the number of Blue Cross patients served by DHS facilities. The amount of revenue that DHS received during the Agreement's first five years exceeds \$13 million dollars.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Agreement allows Blue Cross to refer its Medi-Cal Managed Care and Healthy Families Program members to DHS for specialty, inpatient, and emergency care. Such care is provided subject to County Code Section 2.76.130, Priority of Admissions.

On July 17, 2001, the Board approved the Agreement, and subsequently approved Amendment Nos. 1 and 2 which extended the term through June 30, 2005.

Most recently on May 2, 2006, the Board approved Amendment No. 5 which extended the term on a month-to-month basis through December 31, 2006.

DHS and Blue Cross are continuing to negotiate terms for a new agreement. Due to protracted negotiations between Blue Cross and DHS, the Department is requesting an extension to provide additional time to complete the negotiations and request Board approval of a new agreement.

Attachment A provides additional information.

CONTRACTING PROCESS:

Because DHS facilities are the service providers under this Agreement, it is not appropriate to advertise this Amendment on the Los Angeles County Online Website.

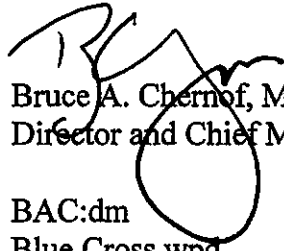
IMPACT ON CURRENT SERVICES OR PROJECTS):

Approval of the Amendment will allow Blue Cross' Medi-Cal Managed Care and Healthy Families Program members to continue to utilize DHS facilities and provide revenue to the Department.

The Honorable Board of Supervisors
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When approved, the Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to be "BAC", with a large circular flourish underneath.

Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:dm
Blue Cross.wpd

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

The Agreement allows Blue Cross of California to refer its Medi-Cal Managed Care and Healthy Families Program Members to Department of Health Services' facilities for the provision of specialty, inpatient, and emergency care at fee-for-service rates.

2. AGENCY NAME AND CONTACT PERSON:

Blue Cross of California
21555 Oxnard Street, Suite 12D
Los Angeles, California 90013
Attention: Dennis McKaig, Contracts Manager
Telephone: (818) 234-3291
Facsimile (FAX): (818) 383-1705

3. TERM:

The term of this Amendment is extended on a month-to-month basis, effective January 1, 2007 through June 30, 2007.

4. FINANCIAL INFORMATION:

There is no impact on net County cost for this action. Blue Cross patients will continue to receive services at DHS facilities and Blue Cross will continue to reimburse the Department at fee-for-services rates. It is unknown how many Blue Cross patients will receive services at DHS facilities. Blue Cross has paid the Department more than \$13 million in fee-for-service revenue for services rendered during the last five years of the Agreement. The reimbursement rates are on file with DHS and are kept confidential in accordance with Health and Safety Code Section 1457.

5. GEOGRAPHIC AREAS SERVED:

All Districts.

6. ACCOUNTABLE FOR MONITORING AND EVALUATION:

DHS Facility Administrators.

7. APPROVALS:

Office of Managed Care: Dave Beck, Acting Director

Contracts and Grants: Cara O'Neill, Chief

County Counsel: Robert E. Ragland, Senior Deputy County Counsel